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SUBJECT: MEDIA REACTION ON CAFTA, JULY 29, 2005

¶1. On 07/29 the Tegucigalpa-based liberal daily "La Tribuna" published an editorial entitled "Tight." "In a tight vote, 217 vs. 215, the United States House of Representatives approved the Free Trade Agreement for Central America and the Dominican Republic. The Bush administration barely succeeded, after a struggle in which the President himself had to personally appeal to various members of Congress. He finally won the support of some doubting Republicans and got 15 Democrats to vote against party lines."

"The reaction to the news in Central American countries has been mixed. There is jubilation in the government spheres that negotiated the agreement and in the industrial sectors that are already calculating the added benefits for their companies. But there is distrust within the labor unions, which believe that the FTA will negatively affect the most vulnerable sectors of the economy, fundamentally in the countryside. Political opponents are also distrustful, as is the case among the left wing fronts in Nicaragua and El Salvador."

"Now the argument that proponents will be hammering home in those countries where it has not been ratified is that if it is not done, their country will be left behind. There is no doubt that a lot of investment will be transferred to those countries whose markets are part of the FTA. And even more in those countries in which there is adequate preparation for competition. When will we start here?"

¶2. On 7/29, the San Pedro Sula-based liberal daily "Tiempo" published an editorial entitled "Now What?" "We now have a Free Trade Agreement with the United States and this is just the beginning. Now it is up to the politicians, government officials, industrialists, and labor to take the necessary actions to meet the challenge, in other words, to compete openly in a free trade zone."

"For Central America, the passing of the CAFTA-DR agreement is important and brings the hope of improving our industrial and agricultural export capabilities. It also offers the possibility of containing emigration to the north and increasing sales to the vast and affluent U.S. market. This will only be possible with elevated productivity of high quality products at competitive prices."

"The ball is now, as they say, in the court of the Central American 'northern triangle.' Honduras has to implement innovative and effective economic policies in order to improve its productive infrastructure, intelligently exploit its natural resources, incorporate new technologies and new ways of corporate management, reform its labor laws, and prepare the workforce to be competitive."

"Up to now, as far as we know, none of this has been seriously considered by the political parties. On the contrary, we are witnessing an improvisation and complete ignorance of our reality, especially in economic and social issues."

¶3. On 7/29, the Tegucigalpa-based moderate daily "El Heraldo" published an editorial titled "Let's Compete." "The narrow approval of the Free Trade Agreement with Central American and the Dominican Republic by the United States Congress represents an irrefutable triumph for President George W. Bush, who invested all his political capital in the project. However, if we are capable of capitalizing on it, in the long run, it will be more advantageous for the people of Central America and the Dominican Republic."

"The pretext used by those conservatives in the United States who oppose CAFTA is the fear that the transnational corporations will move their assembly plants in search of lower wages and that this will cause unemployment. Meanwhile, the liberals are aligned with the social movements in the signatory countries, arguing that the agreement does not have enough safeguards for labor and that it will become an instrument of exploitation."

"But the truth is that, besides the fact that countries like

Honduras need massive sources of employment to fight poverty, CAFTA not only represents the possibility of increased foreign investment, but it will also give Honduran producers access to the most important market in the world. This will in addition generate more employment and contribute towards creating national wealth."

"In the end, the benefits that the people of Central America can receive from CAFTA depend 100% on the capacity of their governments and producers to increase competitiveness. In other words, the opportunity will be available starting next year: it all depends on us and if we know how to take advantage of it."

Tuebner